

[By Andrea Suozzo](#)

If market reform measures do not pass in this year's federal farm bill, Vermont dairy farms will have a hard time staying in business, local dairy farmers told Rep. Peter Welch, D-Vt., last Thursday morning.

Without dairy reform, said Marie Audet of Blue Spruce Farm in Bridport, "I just don't understand how our little farms will survive this fall. The farms that were on the brink three months ago, I don't know how they can look to the future."

That's because grain prices continue to rise as milk prices have leveled off, and much of the funding for the Milk Income Loss Contract (MILC), the federal program that provides payments to farmers when the price of milk is low, is set to expire in October. The farm bill would replace MILC with dairy support measures tied into a market stabilization mechanism aimed at preventing the extreme price drops that have characterized the milk market in the past.

At Thursday's gathering at the American Legion in Middlebury, longtime advocates of federal market stabilization came out to learn what they could do to help as the House version of the farm bill goes to the floor, which could be as soon as this week.

Audet was joined by Bob Foster of Foster Brothers Farm in Middlebury, Jane Clifford of Clifford Farm in Starksboro and Bob Wellington, a senior vice president at Agrimark.

Welch told the group that keeping the market stability measures intact in the bill is crucial.

"We lose that, we lose everything," he said.

A version of the 2012 farm bill — formally named the Agriculture Reform, Food and Jobs Act of

2012 — has already passed the Senate, and the House unveiled a draft version of its bill last Thursday.

Both the Senate bill and the draft House bill contain a Dairy Margin Protection Program that would replace MILC with an insurance program set to kick in when the cost of feed comes too close to milk prices being paid to farmers.

Dairy farmers buying into the insurance program would also be enrolled in the Dairy Market Stabilization Program, which would monitor milk prices and, once they fall below a certain level, prompt dairy producers to roll back production by a couple percentage points by reducing what is paid for any additional milk produced.

Producers hope that limiting the supply of milk on the market will send prices back up, preventing the price collapse that had farmers selling milk well below the cost of production in 2009. And if the stabilization measures succeed, the federal government would end up paying out less money to supplement milk checks.

“The compelling arguments here are that it’s a farmer-led initiative, so it’s not cooked up by members of Congress, and that it saves money for the taxpayers,” said Welch.

Right now, milk prices in the Northeast are hovering right around \$17 per 100 pounds of milk, or hundredweight (cwt), and due to the high cost of feed, MILC payments have been going out since February. With the new system in place, the payments to farmers would be roughly the same, but Wellington said the market stabilization measures would likely prevent those payments from being triggered.

“If you took 2 percent (of the milk on the market) away, prices would be over \$20 (per cwt) right now,” said Wellington.

ERODING INFRASTRUCTURE

Clifford said the dairy struggle is affecting others in the county. Over the past few years, she's seen area farmers opting to save money by selling injured cows rather than calling the veterinarian, and many aren't calling in custom croppers at harvest time. Some custom croppers, she said, are going out of business from lack of work.

"The infrastructure is starting to erode," she said.

Meanwhile, warned Wellington, some of the larger producer groups are ramping up attacks on the dairy reform, voicing opposition to what they say is too much government control on the market.

Clifford said the Northeast Dairy Producers Association, of which she is a member, came out against the bill.

"I immediately wrote a letter to the board saying, 'We are opposed to your position,'" she said.

What these producer groups fail to see, said Welch, is that they may be able to get cheap prices on milk in the short term, but in the long term this is driving dairy farms out of business.

"It's very self-serving," Welch said. "They need farmers. They should be your big advocates for stability."

But he also said the dairy reform measure has momentum from its passage in the Senate, and it has the benefit of saving money over the dairy measures currently in place.

"The good news here is that we're in much better shape than we anticipated," said Welch.

Welch said since the proposed dairy stabilization program is a relatively small, cost-saving

measure, it will likely not be in the spotlight of debate on the House floor — that title will go to the nutrition component of the bill. The draft House farm bill released Thursday reduces the U.S. Department of Agriculture budget by \$35 billion over 10 years, \$16 billion of which would come from the Supplemental Nutrition Assistance Program, formerly called food stamps.

“That’s where the ideological fight is,” he said.

Still, Welch told Audet, Foster and Clifford that they had a role to play in keeping this legislation in the final House bill. He said he would give them the names and districts of representatives whose support could bolster the dairy reform portion of the farm bill, and that their job was to seek out dairy farmers in those districts and encourage them to voice support for the bill.

“Being heard now makes a difference,” he said.